

## **A Conversation with Mary Dillon, CEO Ulta Beauty**

Our members and guests gathered to hear Mary Dillon, CEO of Ulta Beauty. The session was expertly moderated by Ted Dysart, Vice Chairman of Heidrick & Struggles. Mary first provided an overview on Ulta Beauty, where the “possibilities are beautiful” and then had an engaging conversation with Ted Dysart followed by questions from the audience.

**Foundational principles of Ulta** – real estate, product mix and service--which she believes keeps it successful today. To stay successful, she says retailers with stores need to focus on two key deliverables—an experiential element that is highly engaging and a way to keep your customers loyal. Ulta has both – as “you can’t get your hair cut online!” and Ulta has a very strong loyalty program that is 28 million members strong and growing. So, despite many retailers being adversely affected by the “Amazon-effect,” Ulta Beauty is going strong.

**Leadership style and its impact on Ulta** -- Mary shared her views on leadership, which is of the utmost importance to her. She promotes foundational experience, enterprise thinking, collaboration, listening and respect throughout the organization of 1,100 stores. Importantly, she believes in “associates first” and relies on their ideas as they know what’s working and what the customers want. She also believes employee engagement is extremely important and regularly surveys the staff to hear what they think is working and what can be improved. The results of these surveys have improved since she first took over and employee turnover has declined which she believes is due to positive employee engagement.

**View on the Board Room** -- Mary brought her perspectives from both sides of the board room – the management view as well as that of a director, as she currently serves as an outside director of Starbucks. On the management side, Mary indicated that her ability to deal effectively with her board has grown over time and as a result she feels her board meetings are more productive. When she started at Ulta, she said the team would provide the board with huge reports, but over time she migrated from providing copious data/information to more conclusive evidence. Mary believes, while time consuming, she owes the board a cadence of communication and emails them once a month, provides a more in-depth report once a quarter, and has a phone call with each board member individually at least once a year. She believes it is a balancing act between not overburdening your board with too much information and focusing them on critical decisions where she seeks their counsel on potential M&A and technology investments, as examples.

**Regarding her experience as an outside director**-- Mary shared that she has also learned a lot. She took joining a board very seriously and didn’t pursue any board seats until two years into her role as CEO of Ulta. She knew the time commitment a board position would entail and felt it important that she could justify that time to the Ulta Board members and, importantly, its shareholders. She felt that as a director of Starbucks, a global and iconic retailer, she could certainly do that. She indicated she has learned a lot, including during Starbucks recent crisis which, while was unfortunate, she feels Starbucks handled well as the CEO immediately engaged the board. She noted how important it is for every board to be prepared for a crisis whether it is a discrimination issue, or a cyber security breach.